

New Spending Act Falls Short of Nonprofits' Needs

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The federal government's fiscal year begins each October 1st. Legislators are expected to approve the funding for the next twelve months by September 30th.

In recent years, though, members of Congress have routinely failed to meet that appropriations deadline. Instead, they fall back on a dizzying series of short bursts of emergency funding authorized by "continuing resolutions."

It happened again this year.

But finally last week – facing yet another deadline and threat of a government shutdown – lawmakers managed to cobble together a compromise with significant bipartisan support in both chambers and a total price tag of \$1.5 trillion. This achievement capped off "months of bruising negotiations and partisan fights over how to fund the government through" the remaining seven months of FY 2022.

The President signed the Consolidated Appropriations Act, 2022, into law on Tuesday, March 15, 2022. For news reports and summaries of what's in and what was left out of the final legislation, see, for instance: [here](#) and [here](#).

While there's quite a bit to like about the measure, as in the case of all fierce budget battles, it left no one totally satisfied.

And that includes the nonprofit community which – continuously since last summer – has advocated vigorously for specific additional financial help for this besieged sector that bore a great deal of the brunt of the COVID-19 pandemic. From the beginning of that crisis in March 2020, the nation's charitable and social services organizations answered the call to meet a surge in all types of needs.

Challenges

“...[F]inally getting a spending bill that aligns with 2022 spending priorities, rather than last year’s, present[ed] challenges of its own, considering how much time [had] already passed.” That’s true for all parties around the United States interested in, and affected by, the outcome.

Consider, for a moment, the unsettled reality facing all of us in the weeks leading up to the start of FY 2022 on October 1, 2022. The federal budget negotiations opened against that background of unprecedented uncertainty and chaos.

The spring of 2021 brought cautious optimism; there were miracle vaccines and generous government help, particularly in the form of the American Rescue Plan. There were reductions in restrictions and waves of scheduled “reopenings” particularly in May and June.

But there were also surprising pockets of resistance to vaccinations and masking. And then came the Delta variant by mid-June.

Much of the federal budget assistance in the American Rescue Plan was designed to get us over a difficult hump of several months as we all returned to “normal.” Many of the popular and valuable grants and benefits, including tax credits, were scheduled to expire at the end of the year.

#Relief4Charities

In preparation partly for the upcoming FY 2022 budget battle, the nonprofit community joined together in the summer months in a coalition under the hashtag “Relief4Charities.” The goal was to develop and implement a strong and united advocacy push for significant additional relief for our badly bruised sector that was going to continue to be very much needed in the continuing COVID-19 fight.

In order to focus the attention of Congress on the needs of our community generally and on three specific pieces of legislation, the coalition issued Charitable Nonprofits Policy Priorities Letter dated July 21, 2021, addressed to the President and the Congressional leaders of both parties, and signed by more than 1,200 organizations from all 50 states.” In addition, a 2-page letter titled Employee Retention Tax Credit and Charitable Nonprofits was sent in the beginning of September to the House and Senate top leadership as well as to the chairs and ranking members of the Senate Finance and the House Ways and Means committees.

The National Council of Nonprofits announced September 20, 2021, as a national “Day of Action” for the #Relief4Charities agenda, a ‘specific set of policy asks to address the immediate needs of charitable nonprofits as they provide pandemic relief and recovery.’ It is an ‘action alert’ on behalf of a ‘broad national coalition of nonprofit organizations spanning all segments of the charitable community ...’”

See Critical Days Of Action For Nonprofit Sector (September 21, 2021).

Congress was urged “to pass #Relief4Charities provisions, including supporting nonprofit jobs, extending the Employee Retention Tax Credit, and encouraging charitable giving! These resources will enable nonprofits to meet community needs as we recover from the pandemic.

[https://bit.ly/relief4charities.](https://bit.ly/relief4charities)”

Pivots

These efforts continued in force as the budget negotiations dragged on and on, and as conditions on the ground worsened yet again with the Omicron variant.

There was also an unexpected challenge in connection with staffing our vital organizations. (See our two-part series on “The Great Resignation” [here](#) and [here](#), explaining how a serious lack of workers was dealing an additional blow across the economy but hitting the nonprofit sector particularly hard.)

Spearheaded by the National Council of Nonprofits, the “Relief4Charities” coalition pivoted to tweak its advocacy based on these changed conditions as well as the lack of progress in the Congressional budget negotiations. It issued an Action Alert in mid-February 2022 including a letter titled “[Pandemic and Workforce Shortage Relief for Charitable Nonprofits](#)” to President Biden and congressional leaders calling for “urgently needed pandemic and workforce shortage relief that will enable charitable organizations to fulfill their roles in our nation’s relief, recovery, and rebuilding.”

See [Nonprofit Staffing Crisis: New Call To Action](#) (February 23, 2022).

The “Omnibus”

It’s early days still since the passage late last week of the 2,000+-page omnibus spending law. Reaction is slowly trickling in from all quarters.

The National Council of Nonprofits’ first press release was posted on March 10, 2022, on its website. In “[#Relief4Charities Coalition Expresses Disappointment, Calls on Congress to Provide Further Relief and Address Workforce Shortage](#),” NCN writes: “The #Relief4Charities Coalition is disappointed that the omnibus spending bill ... did not include provisions that address the significant workforce challenges and loss in revenue experienced by the sector.”

Continuing, NCN explains that while the Coalition appreciates “the resources provided to nonprofits in previous COVID-19 relief packages, most of the programs have expired and communities continue to face serious challenges as charitable organizations struggle in the face of ongoing health risks, lost revenues, and the lack of available staff.”

In particular, they point to the “policy solutions” that already “exist to help nonprofits generate resources to meet the needs of those they serve.” These include:

- “Providing charitable giving incentives by renewing the universal charitable (non-itemizer) deduction at least through 2022 and significantly increasing the cap on the deduction as proposed in the bipartisan Universal Giving Pandemic Response and Recovery Act (S.618/H.R.1704)
- Addressing critical staffing shortages by restoring the Employee Retention Tax Credit as proposed in the bipartisan ERTC Reinstatement Act (H.R. 6161/S. 3625), extending the credit through 2022, and allowing it to be used to support childcare and education subsidies.
- Infusing funds into the nonprofit community to get people back to work by including core components of the Work Opportunities and Resources to Keep Nonprofit Organizations

Well, or WORK NOW Act (S. 740.H.R. 1987)

- Providing sustainable, robust investments in childcare to ensure livable wages and skills-based training for providers and ensure the retention of quality candidates while expanding access to high quality care that is affordable and dependable.”

Conclusion

So the nonprofit sector and its dedicated advocates in the “Relief4Charities” coalition will press on even as there is [news breaking today](#) warning about the likelihood of the second Omicron variant soon hitting our shores.

The [March 10th press release](#) reminds lawmakers that “[c]ommunities and policy makers have relied on nonprofits throughout the pandemic and will continue to turn to charitable organizations through recovery and beyond. But the unprecedented workforce shortages and loss of revenue will prevent many nonprofits from providing all of the services that are needed from them.”

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